5/16/88 R4105-3 A

STATISTICAL BULLETIN

17179000001 0000 000
Statistical Reference Index
Acquisitions
4520 East West Highway - Suite 800
Bethesda MD 20814

Highlights

- CONSUMER DEMAND IS RISING SLOWLY AS HOME AND CAR SALES PICK UP SLIGHTLY
- BUT CONSUMER ATTITUDES CONTINUE TO TEETER
- AND INDUSTRIAL OUTPUT IS SLOWING DOWN AS NEW ORDERS SLACK OFF, EXPORTS LOSE MOMENTUM, AND INVENTORY ACCUMULATES
- OUTLOOK • MODEST GNP GROWTH OF ABOUT 2% IN FIRST HALF OF 1988; SOMEWHAT STRONGER IN SECOND HALF

Volume 21, No. 4, April, 1988.

CONTENTS

Comment	2-3
Status of Leading Economic Indicators	4
Diffusion Indexes	5
Business Executives' Expectations	5
Capital Appropriations	6
Key Determinants of Profit Margins	7
Economic Forecasts	8-9
Selected International Comparisons	10-11
Perspective on The Federal Budget	12
Money Supply and Monetary Policy	13
Help-wanted Advertising Indexes	14
Consumer Confidence and Buying Plans	15
Automobile Sales	16

The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: The **Economic Forecasts** correctly predicted that U.S. business activity would slow but not recede in the first half of 1988. Both consumer spending and industrial output are indeed showing more modest increases, while recession remains at bay. The **Economic Forecasts** failed to indicate, however, that the swell in U.S. exports would diminish as sharply and as quickly as early reports show. Exports are still rising but at a much slower rate.

Nor did the **Forecasts** foresee that spending on plant and equipment would be one of the strongest segments of economic activity this year. While spending on nonresidential construction remains weak, there are indications that capital investment will be quite strong. Indeed, the recent rise in construction employment may indicate that capital investment in structures is beginning to turn around. That may be one factor in favor of a slightly improved rate of GNP growth in the second half.

DOMESTIC MARKET MONITOR

The labor market is sending mixed signals. The labor force shrunk sharply in March, but since its decline exceeded the drop in jobs, the unemployment rate improved to 5.6 percent. Yet, total hours worked inched up, initial unemployment claims fell (after rising for months), and the volume of **help-wanted** advertising rose. These indicators do not describe a declining job market.

It still appears, however, that the economy will be growing too slowly to prevent the unemployment rate from inching back up to 6% by as early as the third quarter. Indeed, if the labor force had not declined in March, that trend would have already begun.

INCOME: Less job expansion, a slower rise in hours worked, and meager gains in hourly pay are tempering the rise of consumer income. Wages in commodity-producing industry were 0.9% higher in February than three months earlier, a hefty increase but not as vigorous as in prior months. Wages in the "other" industry category were 2% higher. In March, total jobs fell and hours worked were only marginally higher. That offset the rise in average hourly pay. The rate for private industry was $9.19 in March, compared with $9.13 in January.

Nonwage income growth remains strong. In February, it was 2.3% higher than three months earlier. Higher interest rates are resulting in higher interest income. Rental income is also rising sharply. With rental unit construction sharply curtailed, rents are being forced higher. Dividends and shopkeepers' income are rising more modestly.

Long-dormant consumer credit demand has reawakened. For the 12 months up to November 1987, the ratio of **Consumer Installment Debt Expansion to Personal Income** remained below 1 percent. Paced by stronger auto-loan demand, that ratio varied between 1% and 2% from December through February. Car sales were not sufficient to account for all of the rise in credit demand, however. This suggests that credit is being used, to some degree, to finance other purchases. That buying on credit has picked up may be signal that overall consumer spending may be loosing some energy.

Consumer attitudes are eroding despite fairly good labor-market news. In March, The Conference Board's **Consumer Confidence Index** fell slightly to 112.8 (1985 = 100), which is close to September's 115.7 (a 15-year high). Although small, the March drop indicates that consumers are wavering in their assessment of business conditions. If the labor market sours a bit, as expected, attitudes will weaken further.

SPENDING: Consumer purchases also seem to be faltering. Although spending on services is still rising, retail sales, except autos, were only 0.1% higher in February than three months earlier. Consumer durable sales, except cars, were 2.4% higher. Nondurable sales fell by 0.4 percent.

Car buying is the strongest element in retail sales. New domestic **Automobile Sales** maintained a 7.8 million seasonally adjusted annual rate in March, compared with 7.9 million in February. These figures, however, compare unfavorably with the 8 to 9 million in sales that producers anticipated, resulting in a round of job and production cutbacks.

CONSTRUCTION: The prolonged and severe downtrend in home buying may be ending. New single-family home sales recovered in February but only to their November 1987 level. Some respite from the rise in prices for new homes, as well as lower mortgage rates, helped sales. Nevertheless, the recovery failed to reduce the overhang of unsold homes and upward pressure on interest rates is likely to discourage further drops in mortgage rates.

New home construction is no longer declining. In fact, new single-unit housing starts and permits were relatively flat over the last few months. Conversely, multi-unit construction continued to decrease sharply.

Nonresidential construction remains mired in a deep slump. Office building was 5% lower in February than three months ago; industrial building fell by 6%; and commercial building was down 9 percent. Public building and work on infrastructure also declined. On a brighter note, the rise in construction employment in February and March may signal a turnaround.

PRODUCTION: Output is rising at a modest pace, as the rise in new orders has slowed down. Total industrial produc-

Ken Goldstein, Editor

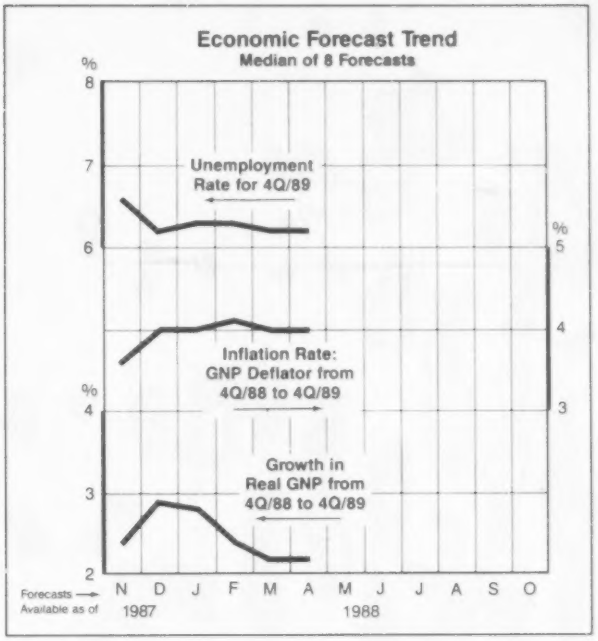
STATISTICAL BULLETIN (ISSN 0010-5554), published monthly by The Conference Board, Inc., 845 Third Avenue, New York, N.Y. 10022. Printed in New York, N.Y. Second-class postage paid at New York, N.Y. POSTMASTER: Send address changes to The Conference Board, 845 Third Avenue, New York, N.Y. 10022

© 1988 The Conference Board, Inc.
845 Third Avenue
New York, N.Y. 10022

The Conference Board, Inc.
Avenue Louise, 207-Bte 5
B-1050 Brussels, Belgium

The Conference Board, Inc.
1755 Massachusetts Avenue, N.W., Suite 312
Washington, D.C. 20036

The Conference Board of Canada
255 Smyth Road
Ottawa, Ontario, K1H-8M7



tion was 0.9% higher in February than three months earlier. The output of finished consumer durables was 2.3% lower, while that of finished business equipment rose by 2.4 percent. The production of semi-finished goods was only 0.3% higher; raw material output grew a mere 0.7 percent. Finally, total hours worked in manufacturing fell in March, which might indicate that production schedules are being trimmed.

The surge in new orders appears to be over, at least for the moment. New orders for durable goods, except defense-related, were only 2.3% higher in February than three months earlier.

INVENTORY: Another factor behind the slowing of production is the rise in inventory. Total inventory, except cars at the retail level, was 2.5% higher in December than three months earlier. Total sales, except retail cars, were actually 0.2% lower. Thus, inventory is accumulating and the **Inventory-to-Sales** ratios are rising. Production increases are being curbed to limit further inventory buildup.

INVESTMENT: Industrial conditions may nevertheless get a boost from a strong rise in investment later this year. The Conference Board's survey on **Capital Appropriations and Expenditures** shows that the nation's 1,000 largest manufacturers invested 13% more on plant and equipment in the fourth quarter of 1987 than in the second quarter. Moreover, appropriations (approval of new spending programs) were also higher, which means the backlog of approved projects is on the rise. Finally, survey responses suggest that manufacturing executives are planning to invest 18% more in 1988 than in 1987.

Another Conference Board survey suggests that those expansive investment plans may reflect renewed business confidence. The **Measure of Business Confidence** stood at 59 (on a scale of 0 to 100) in the third quarter of 1987, fell to 47 in the fourth quarter, and then recovered to 51 in the first quarter of 1988.

INFLATION: The consensus of the **Economic Forecasts** is that the CPI rose at a 3.2% annual rate in the first quarter of 1988. Higher prices for imports and import-competing products, as well as some rise in labor costs, may cause the CPI to rise by about 4.1% by the fourth quarter of 1988 and about by 4.7% by the fourth quarter of 1989.

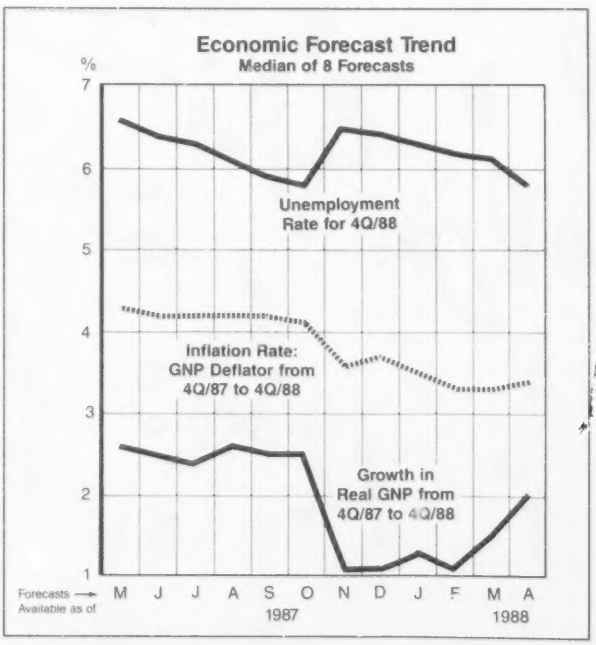
So far this year, raw material prices are not contributing to inflationary pressure. Industrial raw material prices were 0.6% lower in March than three months ago; farm prices have been basically flat. At the wholesale level, prices of finished goods declined in February for the third time in the last four months. Prices of finished consumer goods declined in four of the last five months.

INTERNATIONAL MONITOR

Imports have actually declined in recent months. Total imports were 11.7% lower in January than three months earlier. Imports from Europe, Canada, Japan, and the developing countries all declined. The lone exception was a 32% rise from "other" developed countries—a category that includes newly industrialized Asian countries like Korea and Taiwan.

The sharp rise in exports has slowed. Total exports were only 2.7% higher in January than three months earlier. Exports of manufactured goods were only 3.4% higher, probably another factor in the fall-off of domestic industrial production.

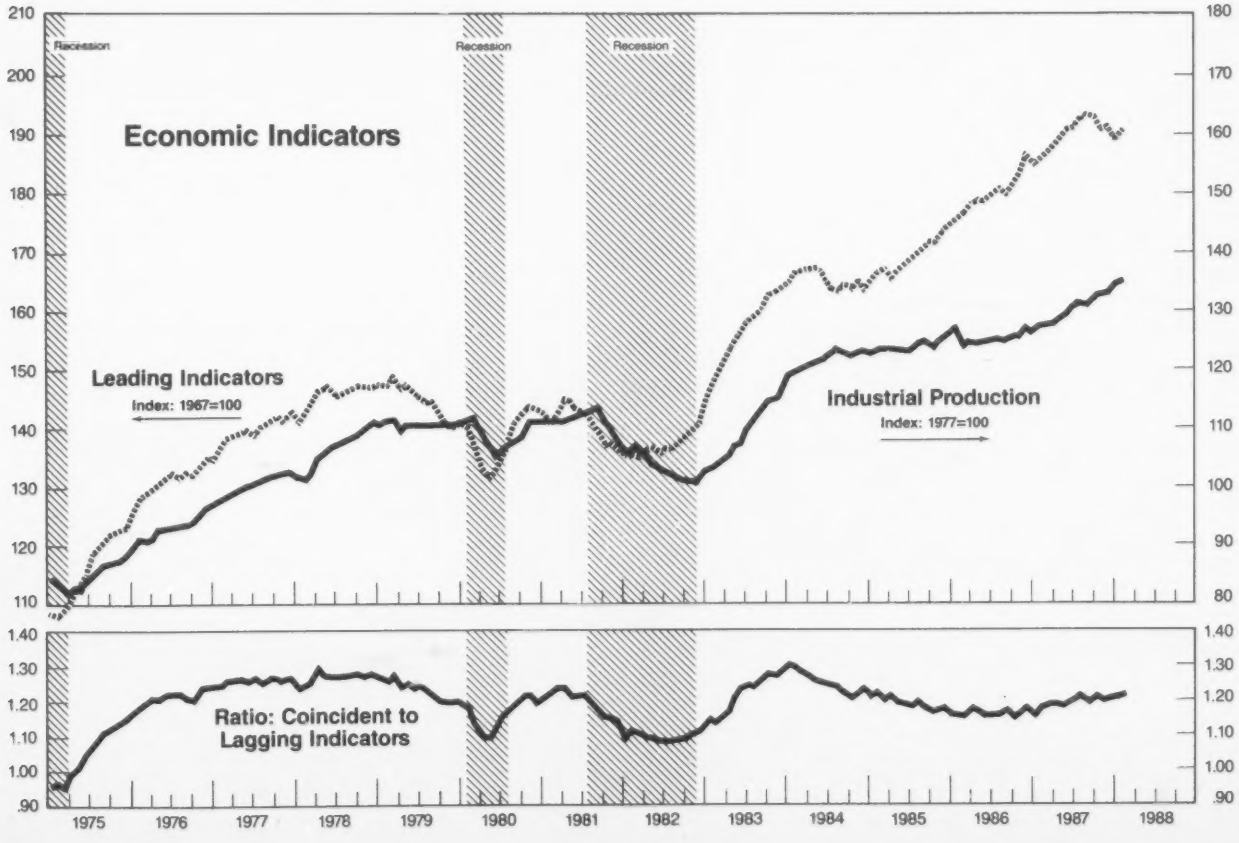
Ken Goldstein
April 8, 1988



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Feb.		X		0.2%	2.5%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Feb.	X			10.4%	18.0%
New orders, nondefense capital goods (deflated)	Feb.	X			10.1%	20.4%
*New business formation	Feb.		X		0.2%	1.8%
*Housing permits	Feb.		X		- 3.2%	-15.2%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Feb.		X		- 0.5%	1.1%
*Change in inventory, on hand & order (deflated)	Jan.		X		15.7%	30.4%
Purchasing agents' buying policy	Feb.	X			1.0%	8.0%
*Vendor performance, reported slower deliveries	Feb.			X	0.0%	14.0%
Industrial raw materials prices	Mar.		X		- 0.7%	18.1%
*Change in sensitive material prices	Feb.			X	- 1.0%	- 0.4%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Feb.	X			1.0%	0.3%
Change in business loans	Feb.	X			29.6%	80.9%
*Change in credit outstanding	Jan.			X	- 9.3%	- 8.2%
Change in consumer installment debt	Jan.	X			30.5%	55.6%
Profitability						
Total corporate profits, after tax (deflated)	4th.Q	X			1.0%	13.7%
*Common stock prices	Mar.	X			11.5%	- 8.1%
Marginal Employment Adjustments						
*Average workweek, mfg.	Feb.			X	- 0.3hr	- 0.2hr
*Initial unemployment claims (inverted)	Feb.		X		- 9.6%	11.1%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators,* (Washington. D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



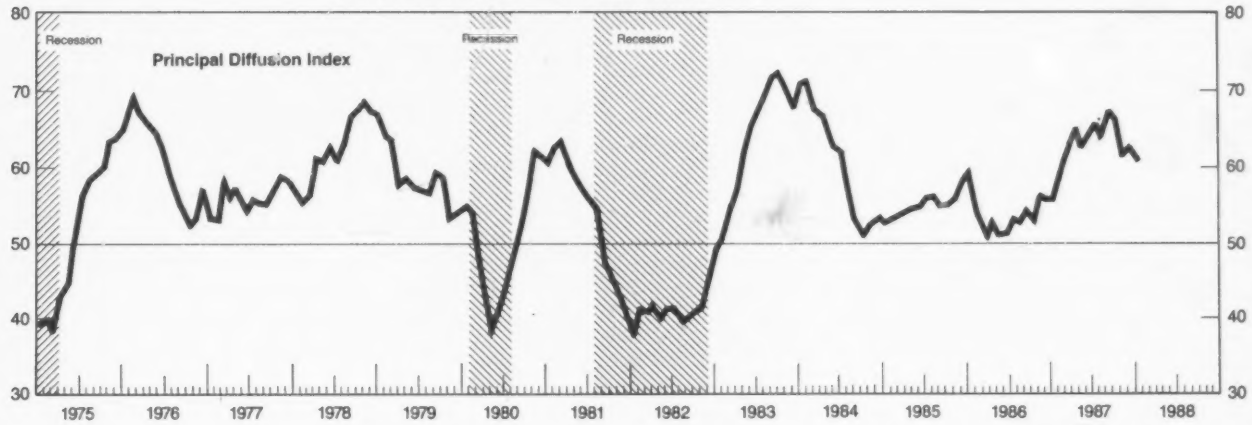
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1987 Feb.	1987 Nov.	1987 Dec.	1988 Jan.	1988 Feb.(e)
Principal Diffusion Index	58.5r	60.8r	58.9r	56.8r	55.9
Auxillary Diffusion Index	58.2r	37.6r	44.1r	43.1r	46.9
Industrial Group	54.0r	62.1r	59.0r	55.3r	52.1
Nonindustrial Group	63.1	59.5	58.8r	58.3r	59.6
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	54.7	69.2	64.1	59.4	54.3
Labor	57.6r	60.0r	54.5r	50.6r	51.4
Miscellaneous	43.9r	56.4	62.8	60.9	50.6
Nonindustrial Subgroups					
Prices	73.7	63.5	59.6	64.1	60.9
Consumer	70.1	64.5	69.2	73.5	72.2
Building	44.2r	44.9	45.5	38.5	47.4
Miscellaneous	61.5	61.5	56.8r	52.6r	54.3

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1985 May	1985 Aug.	1985 Nov.	1985 Feb.	1986 May	1986 Aug.	1986 Nov.	1986 Feb.	1987 May	1987 Aug.	1987 Nov.	1987 Feb.
	Score (scale 0-100)											
Measure of Business Confidence	52	51	55	61	61	50	51	55	55	59	47	51
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	48	45	53	63	61	44	50	56	55	62	50	49
2. Expectations for Economy, Six Months Ahead	53	53	56	62	62	52	51	54	53	56	43	50
3. Expectations for Own Industry, Six Months Ahead	55	54	56	59	60	54	53	56	56	58	48	54

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

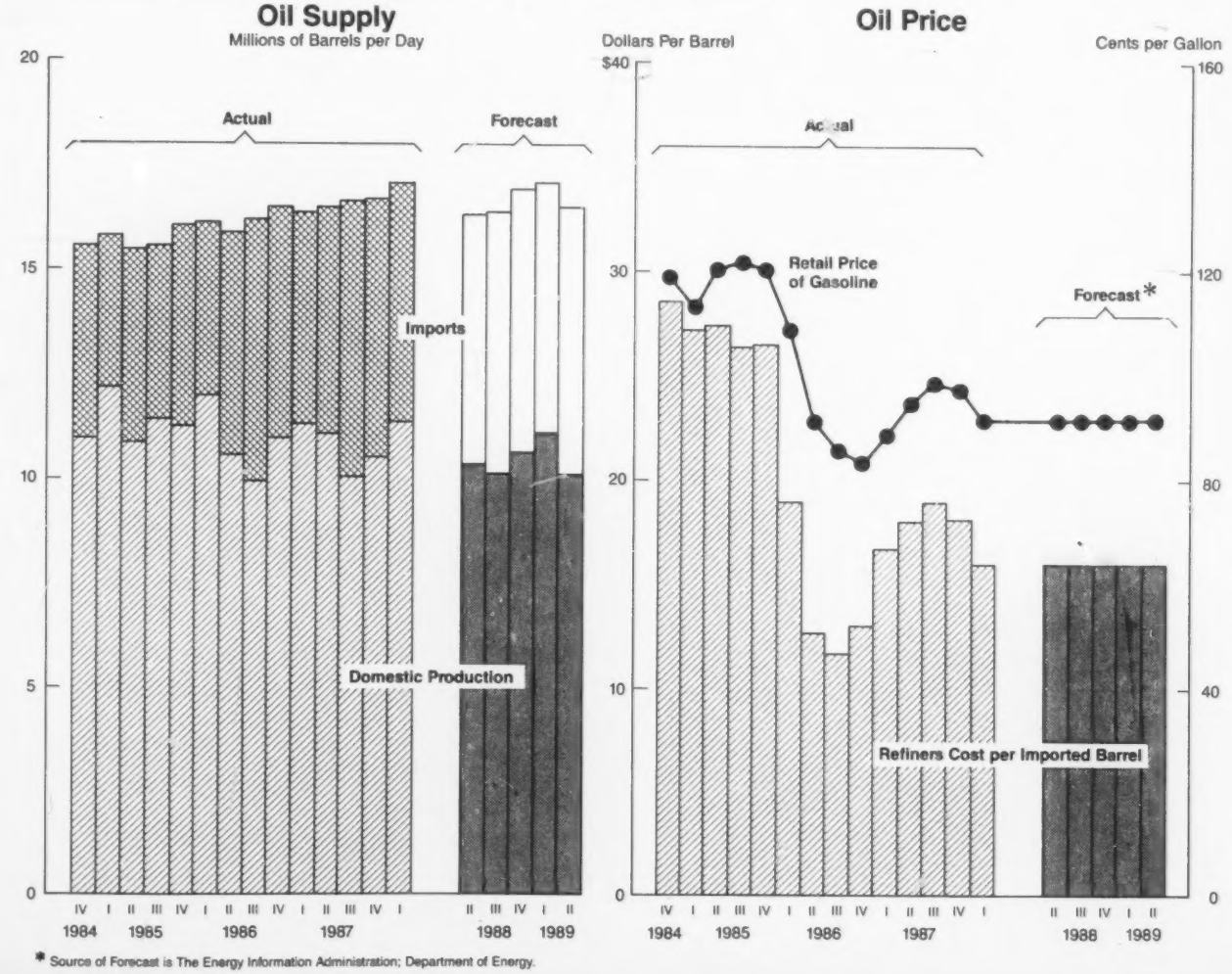
Billions of Dollars, Seasonally Adjusted

	1986			1987				Percent Change From Previous Year	
	II	III	IV	I	IIr	IIIp	IVp	Actual 1987	Estimate 1988
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	19.991	20.203	22.097	21.441	32.257	29.810	33.985	31%	12%
Capital expenditures	24.309	22.452	23.299	20.801	25.933	27.491	29.328	11	18
Change in appropriations backlog*	−6.447	−5.060	−10.990	−0.550	+5.460	+0.070	+2.110		
Durable Goods									
New appropriations	9.578	10.807	10.807	9.746	16.515	18.095	19.018	55	8
Capital expenditures	11.880	12.186	12.915	11.124	14.006	14.847	15.665	17	23
Change in appropriations backlog*	−3.824	−3.986	−4.140	−2.070	+2.310	+2.930	+3.130		
Nondurable Goods									
New appropriations	10.413	10.152	11.290	11.695	15.742	11.715	14.970	24	17
Capital expenditures	12.429	10.266	10.384	9.677	11.927	12.644	13.663	6	14
Change in appropriations backlog*	−2.623	−1.074	−6.853	+1.520	+3.160	−2.890	−1.020		
ELECTRIC & GAS UTILITIES									
New appropriations	5.544	5.530	5.491	6.482r	5.569r	5.138p			
Capital expenditures	7.702	7.535	6.080	7.649r	7.032r	7.746p			
Change in appropriations backlog*	−3.840	−2.110	−1.005	−0.840r	−1.590r	−2.670p			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

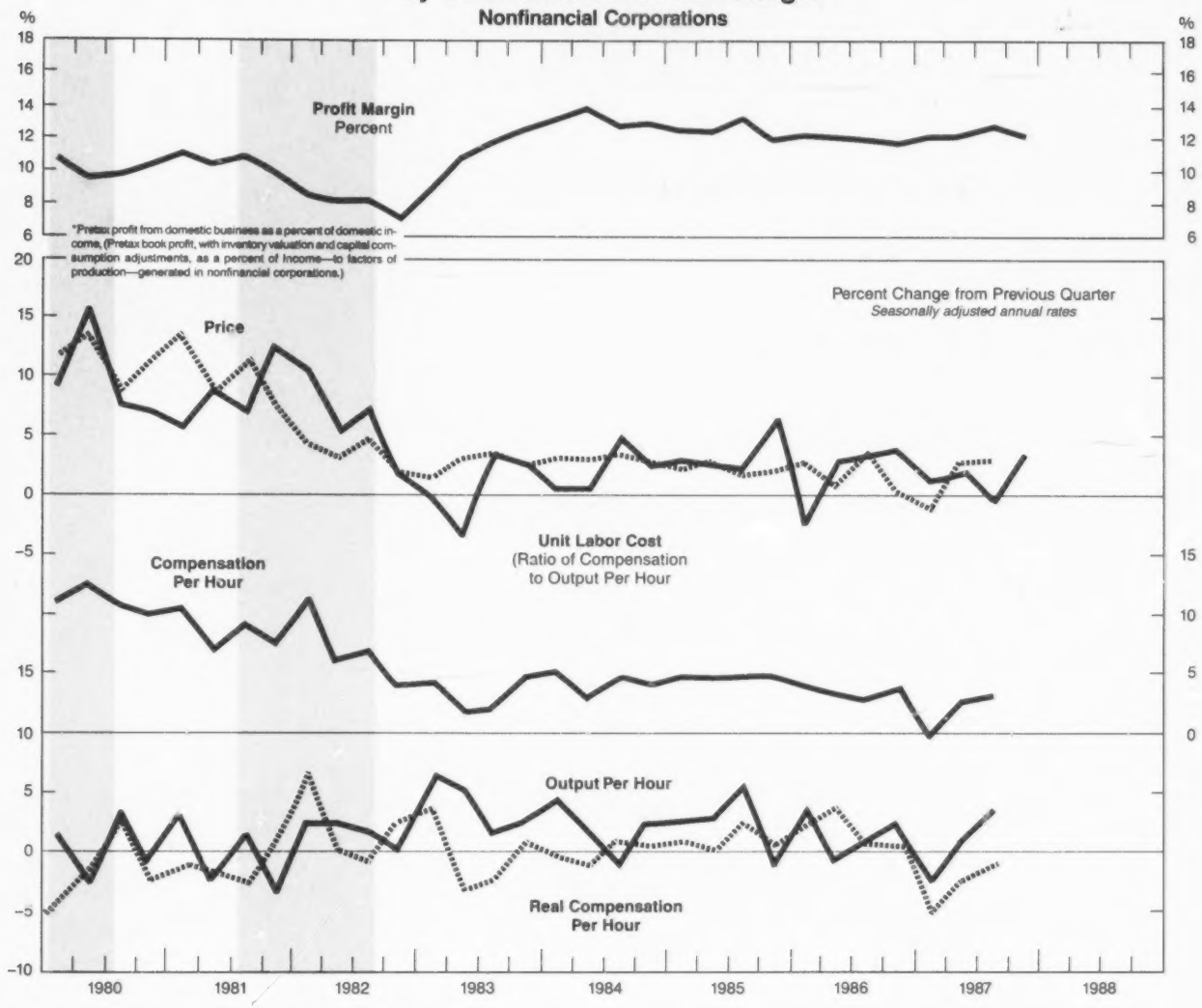
r—revised p—preliminary

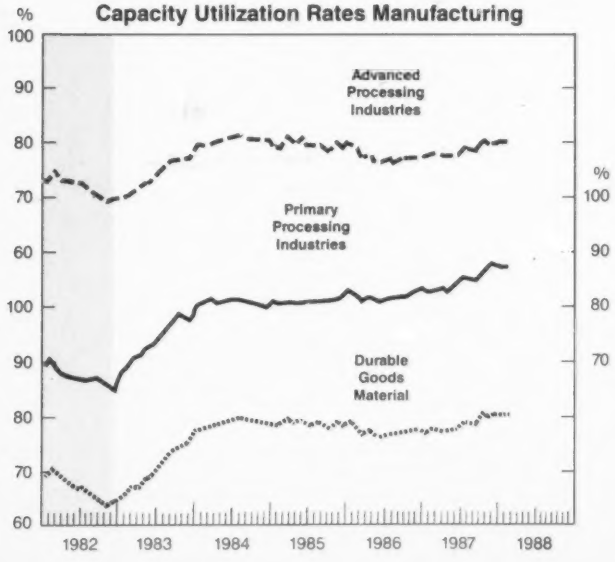
* Change in Backlog = New Appropriations − (Expenditures + Cancellations and Other Adjustments).



* Source of Forecast is The Energy Information Administration; Department of Energy.

Key Determinants of Profit Margin





ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Mar., 1988*		*Mar., 1988*		*Mar., 1988*		*Mar., 1988*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1987**	**IV**	**$4607.4**	**7.6%**	**$4607.4**	**7.6%**	**$4607.4**	**7.6%**	**$4607.4**	**7.6%**
Forecast	1988	I	4620.8	1.2	4666.0	5.2	4672.2	5.7	4652.3	4.0
		II	4623.6	0.2	4732.3	5.8	4730.2	5.1	4724.1	6.3
		III	4639.7	1.4	4805.0	6.3	4778.0	4.1	4795.3	6.2
		IV	4701.3	5.4	4870.4	5.6	4834.8	4.8	4873.4	6.7
	1989	I	4806.8	9.3	4904.1	2.8	4903.0	5.8	4953.9	6.8
		II	4908.1	8.7	4938.8	2.9	4993.0	7.5	5009.9	4.6
		III	5009.3	8.5	5030.5	7.6	5079.8	7.1	5040.1	2.4
		IV	5105.8	7.9	5135.5	8.6	5176.5	7.8	5088.9	3.9
	1990	I	5201.7	7.7			5276.4	7.9		
	1988	Annual	4646.4	3.5	4768.4	6.2	4753.8	5.9	4761.3	6.1
	1989	Annual	4957.5	6.7	5002.2	4.9	5038.1	6.0	5023.2	5.5
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1987**	**IV**	**$3880.8**	**4.8%**	**$3880.8**	**4.8**	**$3880.8**	**4.8%**	**$3880.8**	**4.8%**
Forecast	1988	I	3860.5	-2.1	3900.9	2.1	3900.0	2.0	3899.7	2.0
		II	3829.0	-3.2	3923.1	2.3	3906.0	0.6	3923.7	2.5
		III	3808.5	-2.1	3947.0	2.5	3910.0	0.4	3937.0	1.4
		IV	3832.5	2.5	3963.2	1.7	3918.0	0.8	3955.7	1.9
	1989	I	3885.6	5.7	3950.9	-1.2	3935.0	1.7	3972.7	1.7
		II	3929.5	4.6	3941.5	-0.9	3969.0	3.5	3966.7	-0.6
		III	3973.1	4.5	3971.9	3.1	4003.0	3.5	3943.7	-2.3
		IV	4011.3	3.9	4008.3	3.7	4041.0	3.9	3938.8	-0.5
	1990	I	4043.2	3.2			4080.0	3.9		
	1988	Annual	3832.6	0.3	3933.6	2.9	3908.5	2.3	3929.0	2.8
	1989	Annual	3949.9	3.1	3968.2	0.9	3987.0	2.0	3955.5	0.7
Gross National Product deflator Index, 1982 = 100										
Actual	**1987**	**IV**	**118.7**	**2.7%**	**118.7**	**2.7%**	**118.7**	**2.7%**	**118.7**	**2.7%**
Forecast	1987	I	119.7	3.3	119.6	3.0	119.8	3.7	119.3	2.0
		II	120.8	3.6	120.6	3.4	121.1	4.4	120.4	3.7
		III	121.8	3.6	121.7	3.7	122.2	3.7	121.8	4.7
		IV	122.7	2.8	122.9	3.8	123.4	4.0	123.2	4.7
	1989	I	123.7	3.4	124.1	4.1	124.6	3.9	124.7	5.0
		II	124.9	3.9	125.3	3.8	125.8	3.9	126.3	5.2
		III	126.1	3.8	126.7	4.4	126.9	3.5	127.8	4.8
		IV	127.3	3.9	128.1	4.7	128.1	3.8	129.2	4.4
	1990	I	128.7	4.4						
	1988	Annual	121.2	3.2	121.2	3.2	121.6	3.5	121.2	3.2
	1989	Annual	125.5	3.5	126.1	4.0	126.3	3.9	127.0	4.8
Unemployment Rate										
Actual	**1987**	**IV**		**5.9%**		**5.9%**		**5.9%**		**5.9%**
Forecast	1988	I		5.8		5.7		5.7		5.7
		II		6.2		5.7		5.8		5.6
		III		6.7		5.6		6.0		5.5
		IV		7.0		5.6		6.1		5.4
	1989	I		7.0		5.7		6.2		5.4
		II		6.8		5.9		6.2		5.4
		III		6.5		5.9		6.2		5.8
		IV		6.3		5.9		6.1		6.3
	1990	I		6.1				6.0		
	1988	Annual		6.4		5.7		5.9		5.6
	1989	Annual		6.6		5.9		6.2		5.7

[1]Based on revised (2nd revised) fourth quarter data.

ECONOMIC FORECASTS (continued)

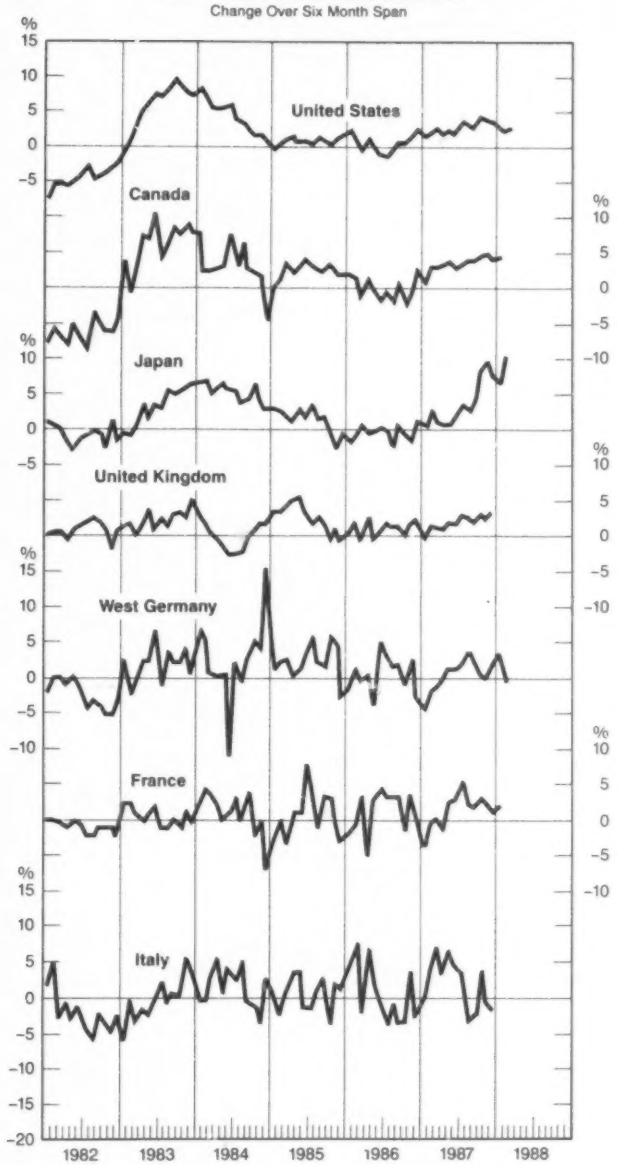
The Conference Board[1] Mar., 1988		Laurence H. Meyer Associates, Inc.[1] Mar., 1988		Data Resources Inc.[1] Mar., 1988		Wharton E.F.A. Inc.[1] Mar., 1988		Date of Forecast		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$4607.4	**7.6%**	**$4607.4**	**7.6%**	**$4607.4**	**7.6%**	**$4607.4**	**7.6%**	**IV**	**1987**	**Actual**
4666.0	5.2	4660.6	4.7	4654.4	4.1	4662.0	4.8	I	1988	Forecast
4722.0	4.9	4720.1	5.2	4698.3	3.8	4722.6	5.3	II		
4773.0	4.4	4789.2	6.0	4762.0	5.5	4808.5	7.5	III		
4848.0	6.4	4856.4	5.7	4834.1	6.2	4891.8	7.1	IV		
4939.0	7.7	4936.5	6.8	4937.4	8.8	4978.6	7.3	I	1989	
4980.0	3.4	5017.7	6.7	5033.0	8.0	5051.0	5.9	II		
4998.0	1.5	5098.2	6.6	5133.2	8.2	5129.2	6.3	III		
5071.0	6.0	5177.5	6.4	5235.2	8.2	5200.7	5.7	IV		
				5336.8	8.0	5268.9	5.3	I	1990	
4752.3	5.9	4756.6	6.0	4737.2	5.5	4771.2	6.3	Annual	1988	
4997.0	5.2	5057.5	6.3	5084.7	7.3	5089.9	6.7	Annual	1989	
								Gross National Product Billions of Constant (1982) Dollars		
$3880.8	**4.8%**	**$3880.8**	**4.8%**	**$3880.8**	**4.8%**	**$3880.8**	**4.8%**	**IV**	**1987**	**Actual**
3908.0	2.8	3900.2	2.0	3896.9	1.7	3898.1	1.8	I	1988	Forecast
3928.5	2.1	3919.3	2.0	3906.7	1.0	3912.4	1.5	II		
3938.3	1.0	3947.7	2.9	3927.7	2.2	3943.4	3.2	III		
3963.9	2.6	3971.5	2.4	3956.3	2.9	3974.2	3.2	IV		
3999.3	3.6	3993.3	2.2	4003.7	4.9	4006.3	3.3	I	1989	
3993.3	–0.6	4019.8	2.7	4040.1	3.7	4020.4	1.4	II		
3973.3	–2.0	4045.9	2.6	4079.0	3.9	4036.9	1.7	III		
3993.0	2.0	4070.0	2.4	4116.7	3.7	4049.4	1.2	IV		
				4147.6	3.0	4057.1	0.8	I	1990	
3934.7	3.0	3934.7	3.0	3921.9	2.6	3932.0	2.9	Annual	1988	
3989.7	1.4	4032.3	2.5	4059.9	3.5	4028.3	2.4	Annual	1989	
								Gross National Product deflator Index, 1982 = 100		
118.7	**2.7%**	**118.7**	**2.7%**	**118.7**	**2.7%**	**118.7**	**2.7%**	**IV**	**1987**	**Actual**
119.4	2.3	119.5	2.6	119.4	2.4	119.6	3.0	I	1988	Forecast
120.2	2.7	120.4	3.2	120.3	2.8	120.7	3.8	II		
121.2	3.4	121.3	3.0	121.2	3.3	121.9	4.1	III		
122.3	3.7	122.3	3.2	122.2	3.2	123.1	3.8	IV		
123.5	4.0	123.6	4.5	123.3	3.8	124.3	3.9	I	1989	
124.7	4.0	124.8	4.0	124.6	4.1	125.6	4.5	II		
125.8	3.5	126.0	3.8	125.8	4.1	127.1	4.6	III		
127.0	3.9	127.2	3.9	127.2	4.3	128.4	4.4	IV		
				128.7	4.8	129.9	4.6	I	1990	
120.8	2.8	120.9	2.9	120.8	2.8	121.3	3.3	Annual	1988	
125.2	3.7	125.4	3.8	125.2	3.7	126.3	4.1	Annual	1989	
								Unemployment Rate		
	5.9%		**5.9%**		**5.9%**		**5.9%**	**IV**	**1987**	**Actual**
	5.7		5.8		5.7		5.7	I	1988	Forecast
	5.7		5.9		5.8		5.8	II		
	5.9		5.9		5.8		5.9	III		
	5.8		5.8		5.9		5.8	IV		
	5.8		5.8		5.8		5.8	I	1989	
	6.0		5.8		5.6		5.9	II		
	6.4		5.8		5.4		6.0	III		
	6.2		5.7		5.3		6.2	IV		
					5.1		6.5	I	1990	
	5.8		5.9		5.8		5.8	Annual	1988	
	6.1		5.8		5.5		6.0	Annual	1989	

ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes in LOTUS and other formats. For more information, contact Linette Waters at (212) 759-0900.

Selected International Comparisons

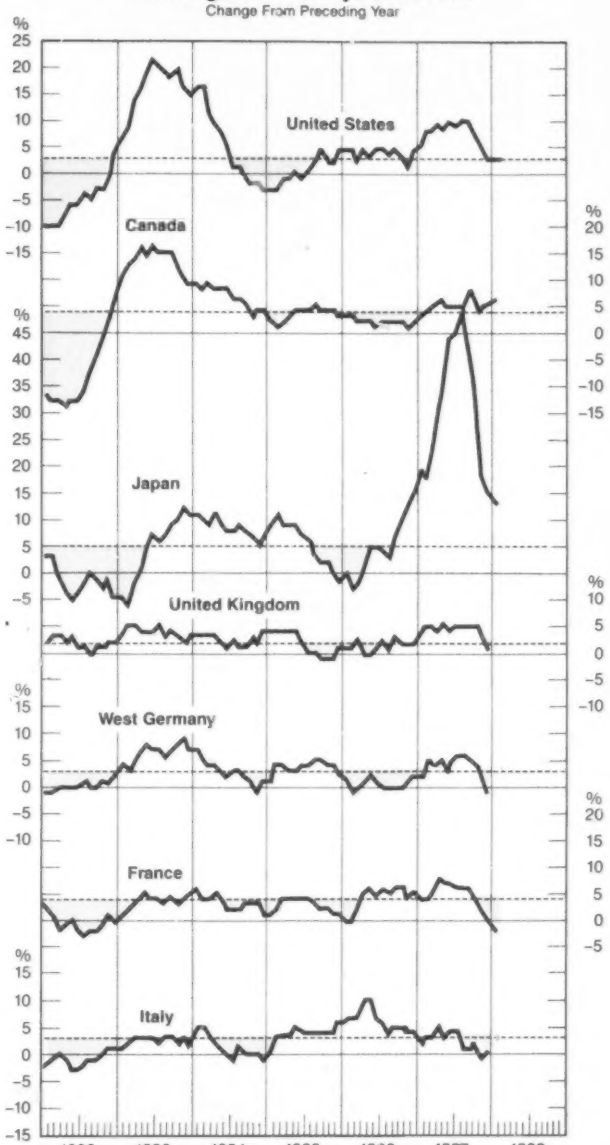
Industrial Production Indexes

Change Over Six Month Span



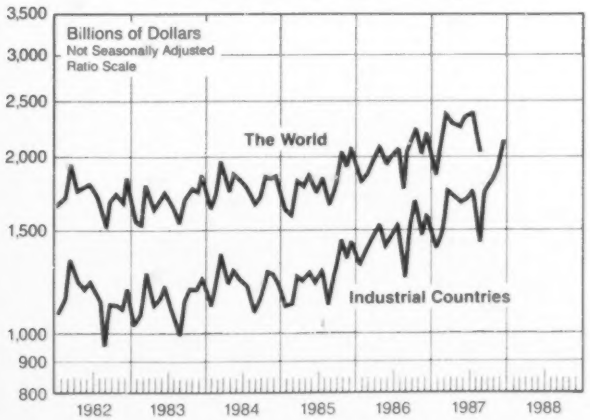
Leading Business Cycle Indexes

Change From Preceding Year

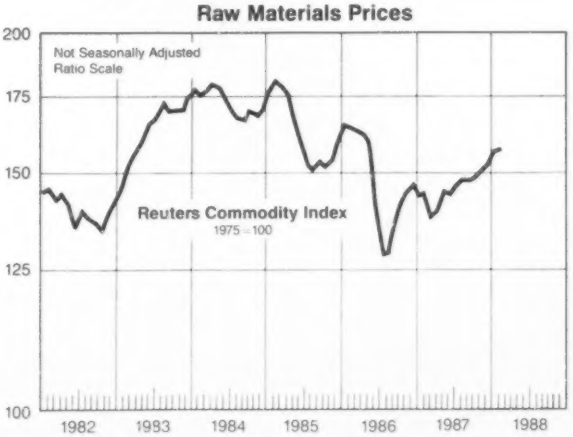


Source: Center for International Business Cycle Research, Columbia University

Merchandise Trade: Value of Exports

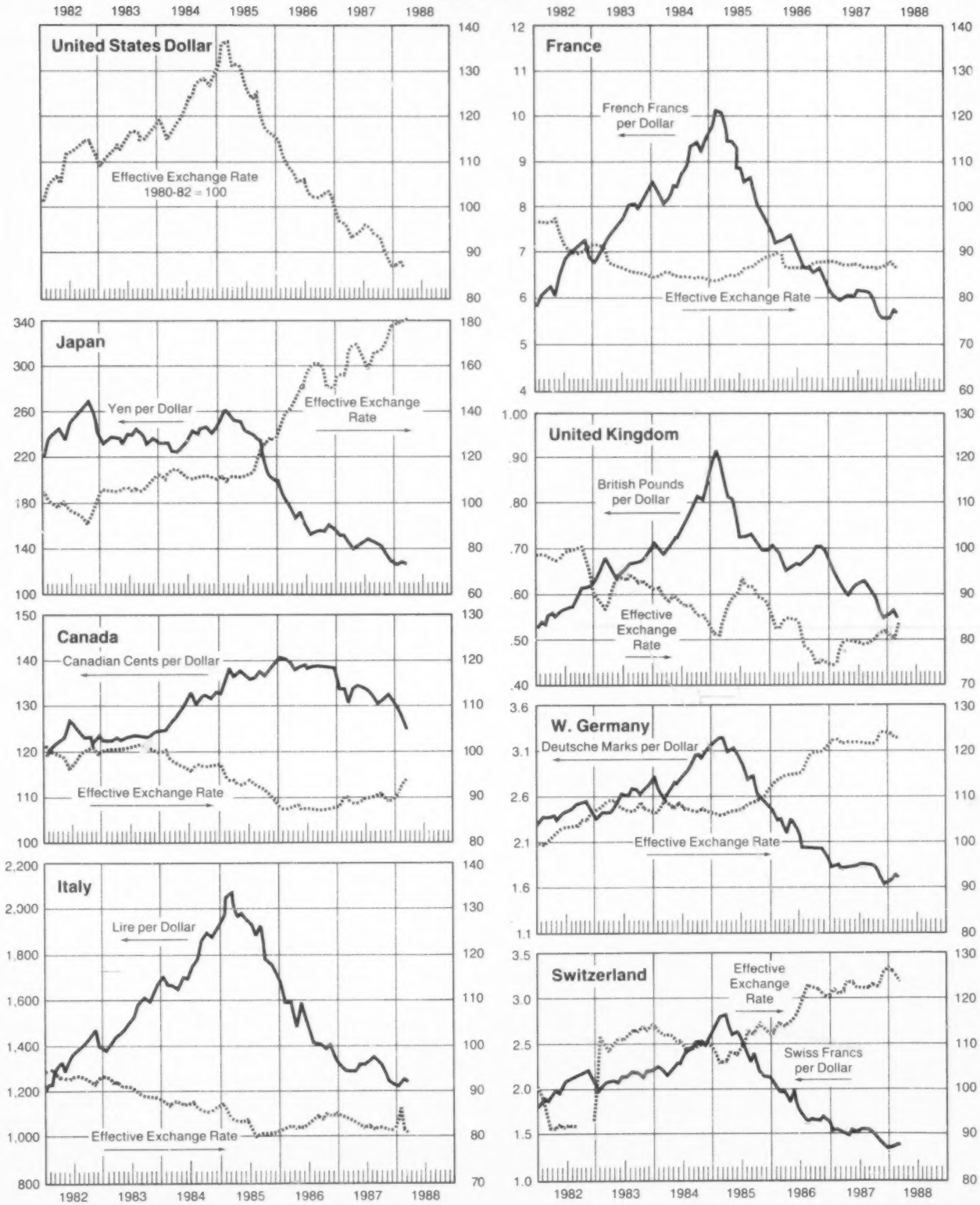


Raw Materials Prices



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates: Index numbers 1980-82 = 100. Each index shows a currency's trade-using averages weighted appreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

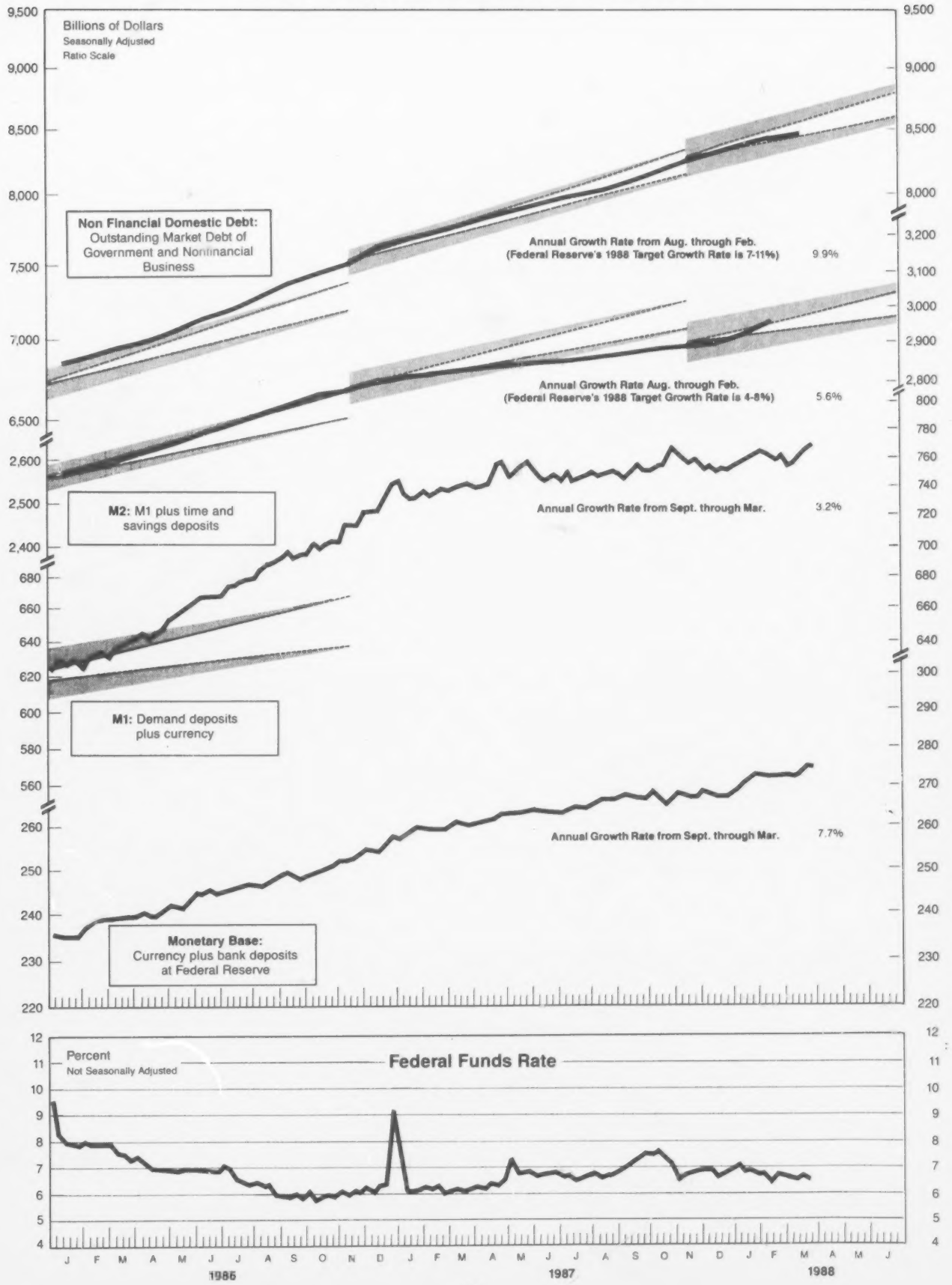
	Fiscal 1987	Fiscal 1988		Fiscal 1989	
	Actual	Administration Estimate	Congress's Estimate*	Administration Estimate	Congress's Estimate*
	(2/18/88)	(2/18/88)	(2/18/88)	(2/18/88)	(2/18/88)
Receipts	**$ 854.2**	**$ 909.2**	**$ 897.0**	**$ 964.7**	**$ 953.0**
Outlays	**1,004.6**	**1,055.9**	**1,055.0**	**1,094.5**	**1,129.0**
Deficit	**– 150.4**	**– 146.7**	**– 158.0**	**– 129.8**	**– 176.0**
Receipts by source	**$ 854.2**	**$ 909.2**	**$ 897.0**	**$ 964.7**	**$ 953.0**
Individual income	392.6	393.4		412.4	
Social security	303.3	331.5		354.6	
Corporate income	83.9	105.6		117.7	
Other receipts	74.4	78.7		80.0	
Outlays by function	**$1,004.6**	**$1,055.9**	**$1,055.0**	**$1,094.5**	**$1,129.0**
Social security	282.5	298.6		317.8	
National defense	282.0	285.4		294.0	
Income security	123.2	129.6		135.6	
Health	40.0	44.5		47.8	
Education & manpower	29.7	33.7		37.4	
Veterans benefits	26.8	27.7		29.6	
Transportation	26.2	27.2		27.3	
Agriculture	27.4	22.4		21.7	
Natural resources	13.4	15.1		16.0	
International affairs	11.6	9.9		13.3	
General science	9.2	10.9		13.1	
Justice	7.5	9.0		9.9	
General government	7.6	8.8		9.5	
Commerce, housing credit	6.2	12.4		7.9	
Community development	5.1	6.3		5.9	
Energy	4.1	2.7		3.1	
Revenue sharing					
Interest	138.6	147.9		151.8	
Allowances					
Offsetting receipts	– 36.5	– 36.2		– 47.2	

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP					
Current Dollar	**$4,486.0**	**$4,779.0**	**$4,746.0**	**$5,113.0**	**$5,069.0**
Constant (1982) Dollar	**$3,820.0**	**$3,932.0**	**$3,908.0**	**$4,054.0**	**$4,010.0**
Percent change in					
Current dollar	+5.9%	+6.5%	+5.8%	+7.0%	+6.8%
Constant (1982) dollar	+2.9%	+2.9%	+2.3%	+3.1%	+2.6%
Implicit price deflator	+3.3%	+3.9%	+3.4%	+3.7%	+4.1%
Consumer price index	+4.6%	+4.3%	+4.5%	+3.9%	+4.9%
91-Day T bill rate	+5.8%	+5.3%	+6.2%	+5.2%	+6.7%
Unemployment rate	5.8%	5.8%	6.2%	5.5%	6.1%

*Congressional Budget Office

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Non Financial Domestic Debt: Outstanding Market Debt of Government and Nonfinancial Business
Annual Growth Rate from Aug. through Feb. (Federal Reserve's 1988 Target Growth Rate is 7-11%) 9.9%
Annual Growth Rate Aug. through Feb. (Federal Reserve's 1988 Target Growth Rate is 4-8%) 5.6%
M2: M1 plus time and savings deposits
Annual Growth Rate from Sept. through Mar. 3.2%
M1: Demand deposits plus currency
Annual Growth Rate from Sept. through Mar. 7.7%
Monetary Base: Currency plus bank deposits at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J
1986
1987
1988

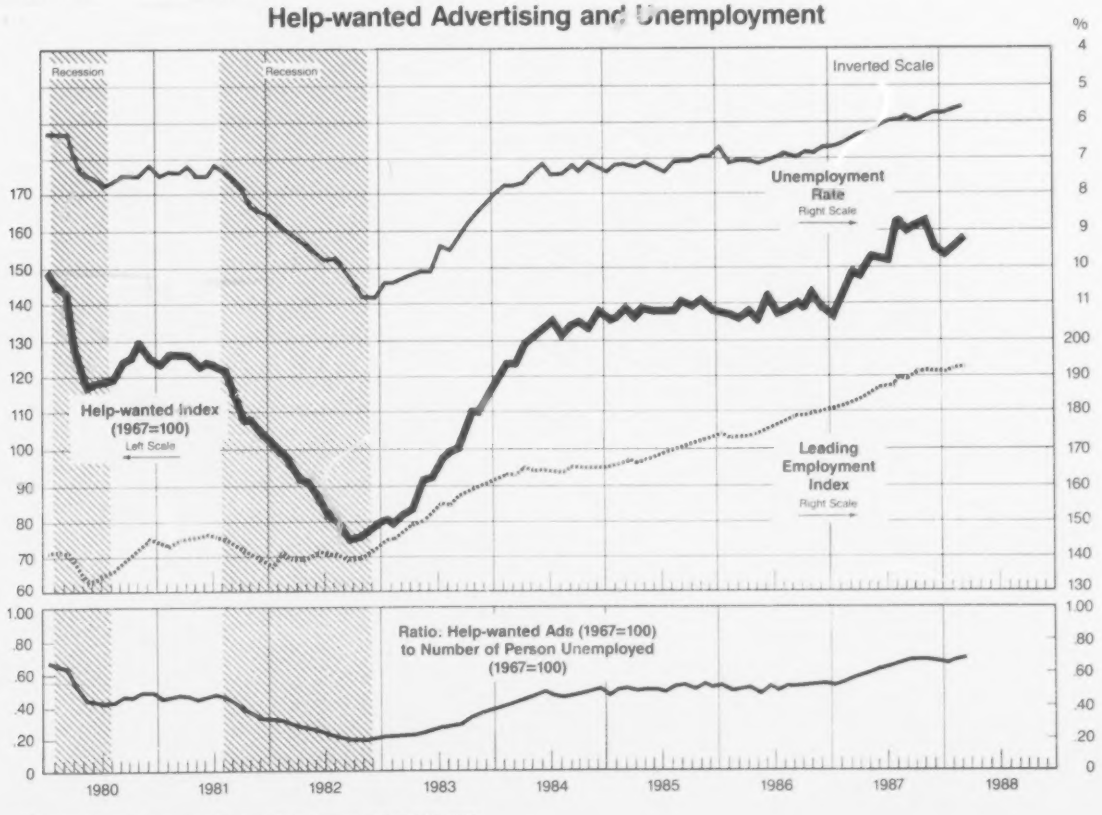
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1988 Feb.	1988 Jan.	1987 Dec.	1987 Feb.
National Index	156	153	155	144r
New England	168	160	175	177
Boston	161	160	172	176
Hartford	181	164	186	193
Providence	179	158	178	167
Middle Atlantic	92	88	89	83
Albany	221	205	227	203
Allentown	383	307	444	307
New York	63	61	63	61
Philadelphia	95	92	75	74
Pittsburgh	95	96	91	91
Rochester	98	99	95	93
Syracuse	142	145	143	131
East North Central	105	107r	99	99r
Chicago	116	116	108	114
Cincinnati	167	169	151	147
Cleveland	70	71	63	63
Columbus	171	179	171	170r
Dayton	91	89	80	82
Detroit	54	59	54	55
Gary	178	174	174	148r
Indianapolis	112	111	112	107
Milwaukee	96	106r	93	76r
Toledo	141	129	127	124
West North Central	98	101	93	90
Kansas City	149	166	142	131
Minneapolis	85	79	77	80
Omaha	146	149	136	132
St. Louis	69	70	68	65
South Atlantic	210	207r	222	194
Atlanta	261	280	275	256
Baltimore	224	208r	289	216r
Charlotte	209	197	196	179
Jacksonville	230	227	233	230
Miami	171	163	166	99
Richmond	147	146	149	162
Washington, D.C.	200	194	191	190
East South Central	160	166	168	151
Birmingham	178	166	179	168
Knoxville	277	267	301	256
Louisville	94	120	92	80
Memphis	140	139	136	132
Nashville	174	193	207	180
West South Central	183	169	162	155
Dallas	168	153	157	141
Houston	261	226	208	216
New Orleans	126	130	128	115
Oklahoma City	119	121	107	101
San Antonio	147	154	156	140
Tulsa	140	145	129	115
Mountain	308	308	329	290
Denver	205	217	211	181
Phoenix	398	394	475	408
Salt Lake City	381	365	354	358
Pacific	248	241	251	228r
Los Angeles	172	170	167	161r
Sacramento	445	447	456	436
San Bernadino	N.A.	297	300	283
San Diego	595	549	680	525r
San Francisco	251	244	242	227
Seattle	229	233	233	213
Percentage of papers with rising volume	57	59r	25	86r
Unemployment rate	5.7	5.8	5.8	6.7

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9r	112.8p									

Expectations Index

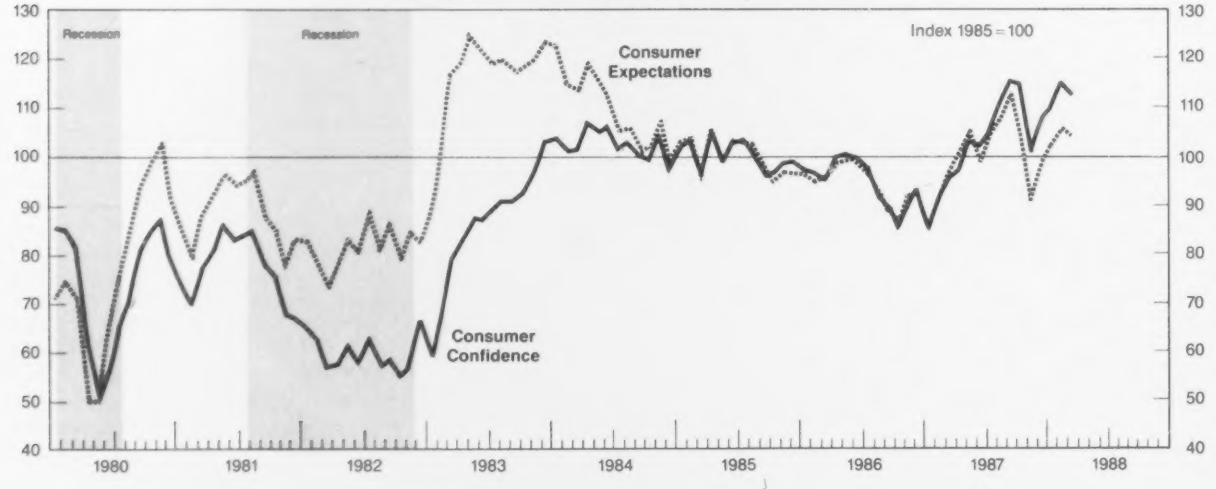
1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5r	104.8p									

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r-revised

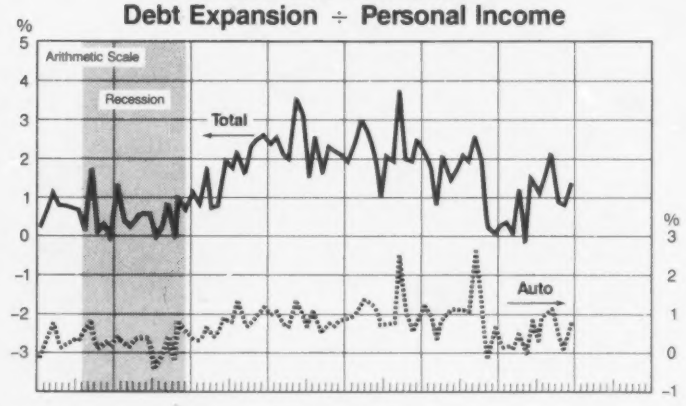
Consumer Confidence and Expectations



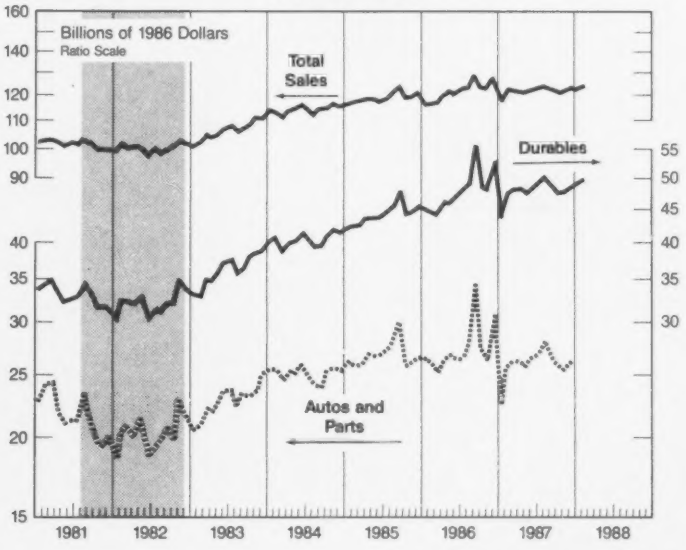
CBDB

ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes, in LOTUS and other formats. Contact Linette Waters: 800-US-BOARD; in NYC, (212) 759-0900.

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



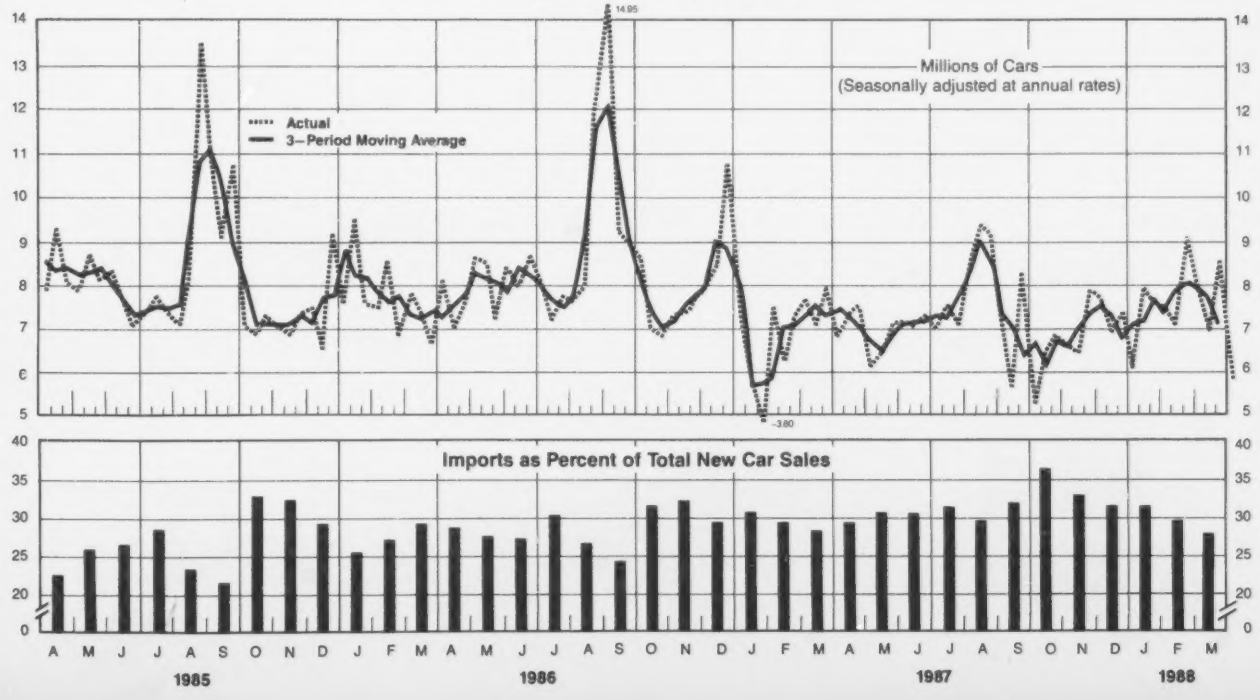
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1985	1986	1987	1988
January:	1-10	8.23	7.61	7.42	6.06
	11-207.84	8.00	9.45	5.97	7.89
	21-31	7.77	7.57	3.80	7.56
February:	1-10	7.24	7.56	7.46	7.51
	11-20	7.70	8.55	6.34	7.11
	21-28(29)	9.17	6.80	7.28	9.03
March:	1-10	8.09	7.76	7.60	7.88
	11-20	8.90	7.37	7.08	6.94
	21-31	8.52	6.69	7.99	8.50
April:	1-10	7.87	8.09	6.87	5.82
	11-20	9.24	7.07	7.35	
	21-30	8.03	7.55	7.57	
May:	1-10	7.91	8.63	6.17	
	11-20	8.76	8.56	6.43	
	21-31	8.09	7.22	7.08	
June:	1-10	8.33	8.40	7.14	
	11-20	7.66	8.00	7.10	
	21-30	7.08	8.60	7.27	
July:	1-10	7.38	8.04	7.04	
	11-20	7.75	7.15	7.54	
	21-31	7.38	7.77	7.11	
August:	1-10	7.11	7.63	8.55	
	11-20	8.06	7.95	9.32	
	21-31	13.41	11.80	9.15	
September:	1-10	10.93	14.95	7.20	
	11-20	9.10	9.25	5.71	
	21-30	10.69	8.91	8.29	
October:	1-10	7.01	8.60	5.25	
	11-20	6.84	7.00	6.47	
	21-31	7.32	6.88	6.86	
November:	1-10	7.04	7.26	6.68	
	11-20	6.88	7.39	6.44	
	21-30	7.31	7.69	7.88	
December:	1-10	7.49	7.88	7.72	
	11-20	6.60	8.42	6.93	
	21-31	9.12	10.71	7.33	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


14.95
Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3–Period Moving Average
3.80
Imports as Percent of Total New Car Sales
A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M
1985
1986
1987
1988